

## **Advisory Notice:**

### **APPROVED CHANGES TO REGULATIONS & FORMS TWO-YEAR LICENSE FEES, AND TWO-YEAR TPPS AND GAMBLING BUSINESS LICENSES**

**(CGCC-GCA-2008-R-1 – Effective November 2, 2008)**

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On October 3, 2008, the Office of Administrative Law approved changes to regulations in Division 18 of Title 4 of the California Code of Regulations (CCR) that conform to recent amendments to the Gambling Control Act (Act). These changes were filed with the Secretary of State on the date of approval and will become effective on November 2, 2008.

The has adopted regulations that implement the provisions of Senate Bill 730 (Ch. 438, Stat. 2007) by establishing two-year license application fees for Gambling Establishments, Key Employees, providers of Third-Party Proposition Player Services (TPPS) and Gambling Businesses. As a result of SB 730, these proposed regulations also establish two-year license terms for TPPS and Gambling Businesses.

Prior to SB 730, the Act provided that a license must be renewed annually, or for a longer period set by the Commission, not to exceed two years.<sup>1</sup> Also, prior to SB 730, the Act set the license application fee at \$500.<sup>2</sup> Introduced by Senator Florez, SB 730 was passed by the Legislature on September 12, 2007 and signed by the Governor on October 10, 2007. SB 730 became effective on January 1, 2008. Among other things, SB 730 mandates that the Commission establish two-year license terms no later than August 1, 2008.<sup>3</sup> SB 730 also requires the Commission to adopt by regulation license application fees by no later than January 1, 2009.<sup>4</sup>

This regulatory action establishes a new section in Chapter 1 of Division 18 that contains the initial and renewal application fee schedule for all licenses, registrations and permits issued by the Commission. Accordingly, the application fee amounts stated in all other chapters of Division 18 have been deleted, and the fee amounts referenced to this new single section within Chapter 1.

The license application fee amounts stated in this new section reflect an adjustment from one-year (annual) licenses to two-year (biennial) licenses for gambling establishments, key employees, TPPS and gambling businesses. The Commission recently established two-year license terms for gambling establishments and key employees.<sup>5</sup> As a result of SB 730, these proposed regulations would further establish two-year license terms for TPPS and gambling businesses, rather than the current one-year term.

For primary owners and owners of gambling establishments, TPPS and gambling businesses, these regulations double the annual license application fee amount to adjust to a two-year license term. The resulting license application fee of \$1000 is the same as two years at the previous annual rate (\$500 x 2 = \$1000). These regulations will reduce the burden of license renewal by also extending the term of these TPPS and gambling business licenses to two years.

For key employees of gambling establishments, and supervisors of TPPS and gambling businesses, these regulations establish a two-year license application fee of \$750, which is a \$250 reduction over the previous annual license application fee, when adjusted for a two-year license term (\$500 x 2 = \$1000 - \$750 = \$250 reduction). In addition to this 25% reduction in the license application fee, these regulations

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<sup>1</sup> Business and Professions Code, subdivision (a) of section 19876, as written prior to SB 730 (Ch. 438, Stat. 2007)

<sup>2</sup> Business and Professions Code, subdivision (a) of section 19951, as written prior to SB 730 (Ch. 438, Stat. 2007)

<sup>3</sup> Business and Professions Code, subdivision (a) of section 19876, as amended by SB 730 (Ch. 438, Stat. 2007)

<sup>4</sup> Business and Professions Code, subdivision (a) of section 19951, as amended by SB 730 (Ch. 438, Stat. 2007)

<sup>5</sup> California Code of Regulations, subsection (c) of section 12340, established in Rulemaking File No. CGCC-GCA-2007-R-3 (OAL File No. 2008-0512-01 SR)

also reduce the burden of license renewal by extending the term of these TPPS and gambling business licenses to two years.

Players and other employees of TPPS and gambling businesses already have a two-year license term. Therefore, these regulations do not affect the current two-year license application fee of \$500.

In addition, the following license application forms have also been amended to reflect the new two-year fee schedule:

- Application for State Gambling License, CGCC-030 (Rev. 04/08)
- Application for Gambling Establishment Key Employee License, CGCC-031 (Rev. 04/08)

The application fees and terms for all other registrations and permits issued by the Commission remain the same as currently established in regulation.

As a result of the new two-year term for the licenses of TPPS and gambling businesses, these regulations also prescribe a new due date for payment of the annual fee and submission of the employee report. Different from the license application fee, the annual fee is paid by the owner of a TPPS or gambling business, and is based on the number of other licensees (e.g., players) that are associated with that TPPS or gambling business. The due dates for the annual fee and employee report were previously tied to the renewal of the license, which is now every two years, rather than annually. This leaves no annual renewal event from which to collect the annual fee and employee report. Under these regulations, the due date for payment of the fee and submission of the report by licensed TPPS and gambling businesses is the same as what is currently required of registered TPPS and gambling businesses (i.e., September 1<sup>st</sup> of each year).

To view the text of the regulation changes and the amended forms, [Click Here](#).

For the final, “clean,” versions of the amended forms, [Click Here](#).

### **Questions, Concerns or Suggestions:**

Please contact the Commission's Licensing Division at (916) 263-0700 should you have any questions, concerns or suggestions.